

**THE OFFICE OF REGULATORY STAFF**

**SURREPLY TESTIMONY**

**OF**

**DAWN M. HIPPI**

**November 13, 2009**



**DOCKET NO. 2009-326-C**

**State Universal Service Support of Basic  
Local Service Included in a Bundled Service  
Offering or Contract Offering**

**SURREPLY TESTIMONY OF DAWN M. HIPPI**

**FOR**

**THE OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2009-326 -C**

**IN RE: STATE UNIVERSAL SERVICE SUPPORT OF BASIC LOCAL SERVICE**

**INCLUDED IN A BUNDLED SERVICE OFFERING OR CONTRACT OFFERING**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND  
OCCUPATION.**

A. My name is Dawn M. Hipp. My business address is 1401 Main Street,  
Suite 900, Columbia, South Carolina 29201. I am employed by the state of South  
Carolina as the Director of the Telecommunications, Transportation, Water and  
Wastewater Department for the Office of Regulatory Staff ("ORS").

**Q. WHAT IS THE PURPOSE OF YOUR SURREPLY TESTIMONY?**

A. The purpose of my reply testimony is to respond to statements by Mr.  
Joseph Gillan in his reply testimony that the FCC has been silent as to the issue of  
high cost funding and bundled services.

**Q: ON PAGE 4 OF YOUR DIRECT TESTIMONY YOU REFERENCE A  
FEDERAL COMMUNICATIONS COMMISSION ("FCC") ORDER.  
WHAT WAS THE PURPOSE OF REFERENCING THIS ORDER?**

A. To alert the Commission that the FCC has expressly acknowledged  
facilities are being used to provide both supported and unsupported services. The  
FCC is purposefully refusing to carve out or deny federal High Cost support to

1 carriers offering advanced services using the same facilities. I did not state that  
2 advanced services are being directly supported by the federal USF or that the FCC  
3 endorses providing a subsidy to deregulated services. Rather, I stated advanced  
4 services are indirectly supported. The entire paragraph is cited below (footnotes  
5 omitted and emphasis added):

6 13. Although we conclude that advanced or high-speed services  
7 do not satisfy the statutory criteria necessary for inclusion in the  
8 definition of supported services at this time, the Commission  
9 maintains its commitment to ensuring that appropriate policies are  
10 in place to encourage the successful deployment of infrastructure  
11 capable of delivering advanced and highspeed services. Indeed,  
12 section 254(b) of the Act provides that the Joint Board and the  
13 Commission shall base policies for the preservation and  
14 advancement of universal service on several principles, including  
15 the ability to access advanced telecommunications and information  
16 services in all regions of the nation. *Accordingly, we continue to*  
17 *support the Commission's prior conclusion that "our universal*  
18 *service policies should not inadvertently create barriers to the*  
19 *provision or access to advanced services, and. . . that our current*  
20 *universal service system does not create such barriers." Thus,*  
21 *even though advanced services are not directly supported by*  
22 *federal universal service, "[Commission] policies do not impede*  
23 *the deployment of modern plant capable of providing access to*  
24 *advanced services." We recognize that the network is an*  
25 *integrated facility that may be used to provide both supported and*  
26 *non-supported services. We believe that the [sic] our policy of not*  
27 *impeding the deployment of plant capable of providing access to*  
28 *advanced or high-speed services is fully consistent with the*  
29 *Congressional goal of ensuring access to advanced*  
30 *telecommunications and information services throughout the*  
31 *nation.*

32  
33 ORS's position is the Commission's State USF Guidelines and  
34 Administrative Procedures are consistent with Federal Law. The FCC has  
35 acknowledged the fact that the federal High Cost funding is supporting facilities  
36 that are capable of providing advanced services, and has chosen not to limit  
37 funding to facilities that are only capable of providing supported services. It

1 would not be consistent with federal policy and practice to deny State USF to  
2 carriers that bundle basic local telecommunications service.

3 **Q. MR. GILLAN ARGUES THAT BY CONTINUING TO PROVIDE**  
4 **SUPPORT FOR A BASIC LOCAL LINE THAT IS PART OF A BUNDLE,**  
5 **THE COMMISSION IS EFFECTIVELY PROVIDING A SUBSIDY TO**  
6 **NON-TELECOMMUNICATIONS SERVICES. IS THIS CORRECT?**

7 A. No. As I stated in my reply testimony, the amount of the support provided  
8 to each COLR is based on reduced tariff charges that were filed and approved by  
9 the Commission. Thus, the support provided is based on the reduction in  
10 regulated revenue approved by the Commission. The support provided is not  
11 based on the cost of providing broadband or other non-regulated services.

12 **Q. DOES THIS CONCLUDE YOUR SURREPLY TESTIMONY?**

13 A. Yes it does.

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2009-326-C**

IN RE:	)	
State Universal Service Support of Basic Local	)	<b>CERTIFICATE OF</b>
Service Included in a Bundled Service Offering	)	<b>SERVICE</b>
or Contract Offering	)	

This is to certify that I, Chrystal L. Morgan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **SURREPLY TESTIMONY OF DAWN M. HIPP** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

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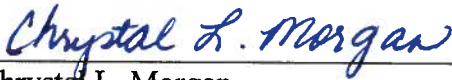
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November 13, 2009  
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